



## TABLE OF CONTENTS

### Page

**Maricopa County Officials**

**1**

**Introduction**

**2**

**Summary Findings**

**3**

**Personnel Savings**

**6**

**Attrition**

**9**

**Separations**

**13**

**Innovations**

**16**



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## INTRODUCTION

Enclosed is the 4th Quarter/Annual Maricopa County Financial and Personnel Resources Report. It provides management with a Countywide overview of both financial and human resources issues and trends. The information contained herein allows for successful management of staffing and related financial issues. Expenditures for personnel services account for more than 65% of the County's controllable General Fund budget. Effective tracking and controls placed on these expenditures along with management of funded positions make up the primary elements in this process.

During the FY 1997-98 budget adoption process, the Unfunded Position Policy was updated to enhance the position control management process. This change incorporated the County's new compensation plan, the position creation process, and lump sum budgeting procedures. The Office of Management and Budget (OMB) continues to work with departments to effectively manage position control. All positions within Maricopa County are tracked and full funding is ensured through automated solutions and departmental cooperation.

Information concerning departments with small numbers of employees (less than 25) should be used with extreme caution. A change of one or two vacancies, positions or terminations reflect a higher percentage change than those same movements within larger departments. These higher percentage changes may or may not reflect significant issues within these smaller departments.

It is the intent of this report to provide information regarding position control and the following summary information:

- Personnel Savings
- Attrition (Turnover Rates)
- Separations
- Innovations

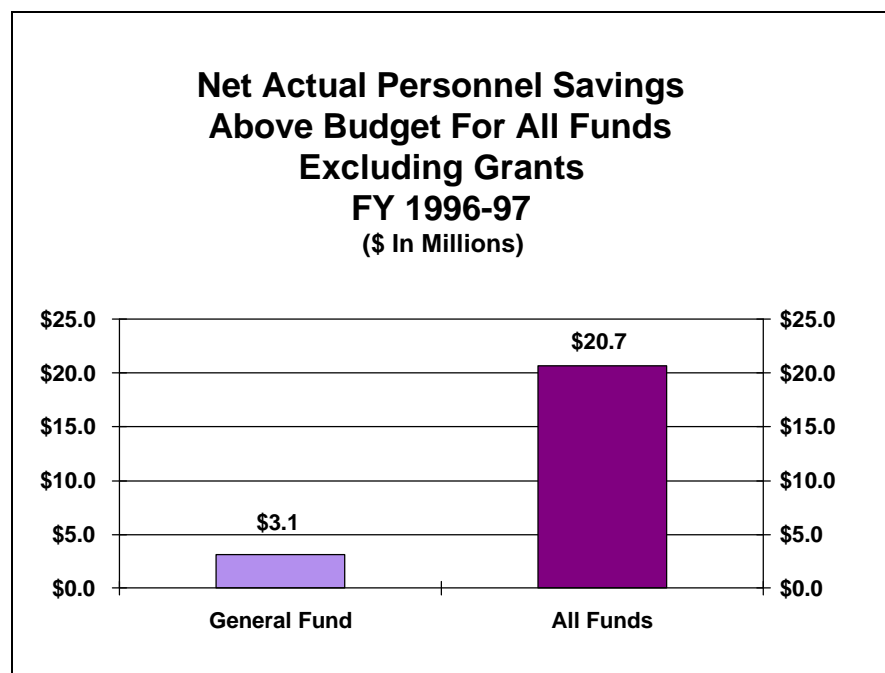
Any questions you may have regarding this report or the position control process may be addressed to Maricopa County, Chief Resource Office, 301 West Jefferson, Suite 1070, Phoenix, Arizona 85003. You may also call this office at (602) 506-7280.



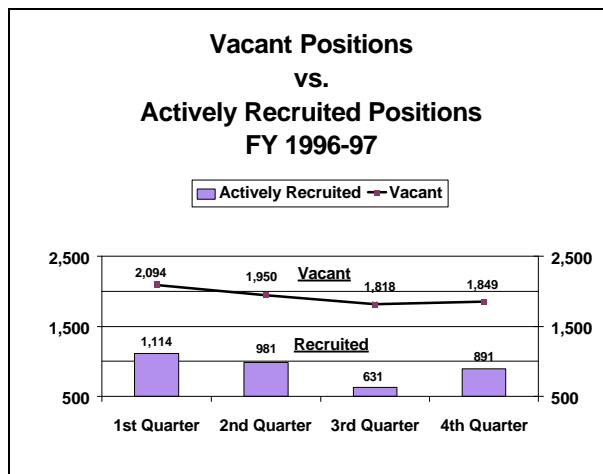
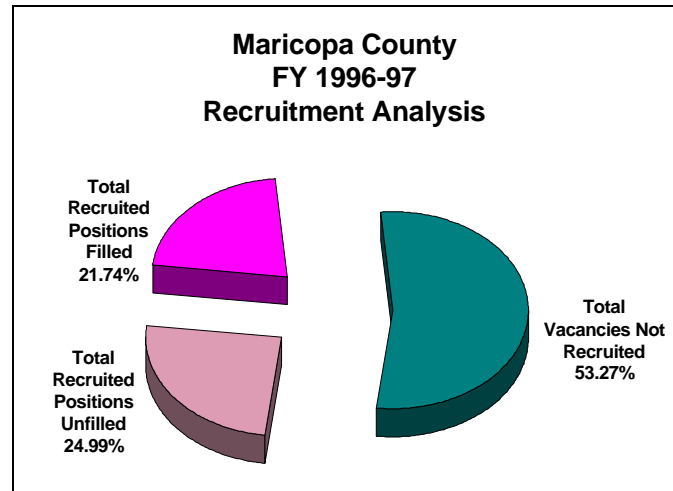
## SUMMARY FINDINGS

As Maricopa County moves into the 21st century, its ability to attract and retain quality staff remains a priority in order to meet Board directed goals. During FY 1996-97, the County gained significant progress in the continuous improvement and development of policies and programs. One such program, the Broadbanding Compensation Plan, is currently being implemented Countywide. This plan is designed to provide competitive compensation and to reward higher achievers. Another new strategy, the Employee Separation Program, provides guidance in facilitating and expediting the termination process. This process is designed to provide management with employee separation information. The Funded Position Policy is a fusion of the Unfunded and Underfunded Position Policy, the new position creation process, and the impact of the new compensation plan. This policy provides guidelines for requesting new positions while ensuring financial integrity.

The FY 1996-97 gross personnel savings Countywide (excluding grants) totals \$44.6 million of which \$14.1 million, or 15% is General Fund. The actual personnel savings above what is budgeted for all funds (excluding grants) is \$20.7 million, of which \$3.1 million is General Fund. The General Fund net actual personnel savings is 28.18% higher than budgeted.

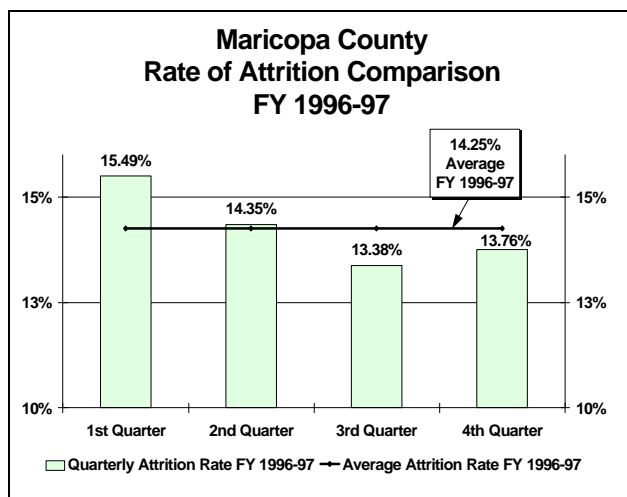


**46.73% of all vacant positions were recruited during FY 1996-97. Less than half of these recruited positions were filled during FY 1996-97, as demonstrated to the right.**



**A significant drop in the number of positions actively recruited during the 3rd quarter is attributed primarily to the Maricopa Integrated Health System (MIHS) hiring freeze. The hiring freeze was lifted during the 4th quarter and a major reduction-in-force (RIF) and reorganization of MIHS concluded by the end of the fiscal year. 4th quarter vacant positions did not increase significantly due to the deletion of 185 positions within MIHS. Additional information regarding the impact of the MIHS RIF can be found in the Attrition and the Separation sections of this document.**

**Maricopa County experienced a 1.73% reduction in 4th quarter turnover, or attrition, from the 1st quarter of FY 1996-97. Attrition was high in the first quarter due to the uncertainty of the Maricopa Integrated Health System competitive analysis outcome. The 2nd quarter reduction in attrition, which continued during the 3rd quarter, was primarily the result of the MIHS Quorum Health Services, Inc. management contract and subsequent hiring freeze. The County's 4th quarter turnover increased to 13.76% due to the MIHS reorganization. Maricopa County's average FY 1996-97 rate of attrition is 14.25%. The graph to the right provides comparison data regarding attrition Countywide.**



**A 1996 Maricopa County Biennial Salary Survey is conducted to compare how Maricopa County employees fare in salary and attrition to others doing similar jobs. The markets surveyed include regional, state and local governments. The average turnover rate for all participants was 5.83%. Maricopa County's average turnover rate for FY 1996-97 was 14.25%. This high turnover rate may be an indication of employee dissatisfaction issues.**

**Process improvements are continually reviewed in order to resolve employee dissatisfaction issues. Effecting change requires the identification of potential managerial issues. Once identified, these issues can be addressed and action taken to ensure the retention of quality staff.**



## PERSONNEL SAVINGS

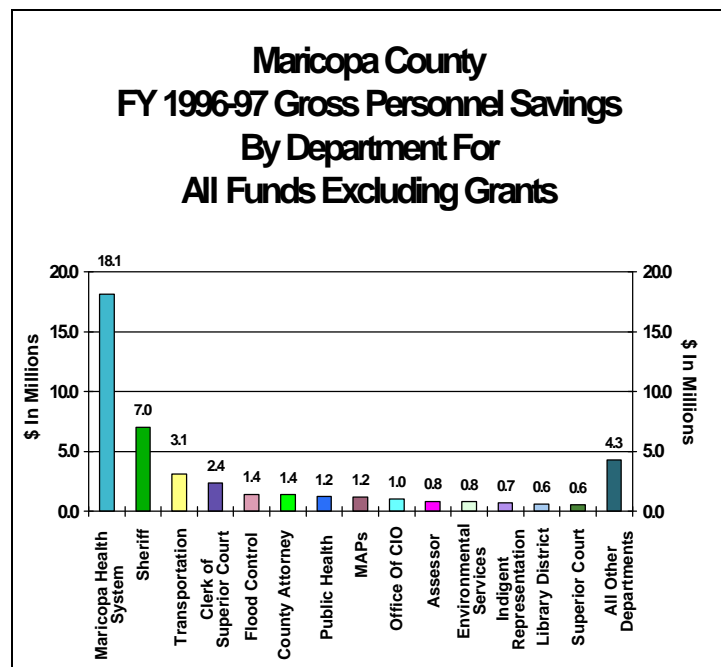
Personnel savings occur when positions remain vacant, or when the actual pay of a position is lower than budgeted. These savings are made up of three components: salary savings, benefit savings and turnover, or attrition. This creates savings in personal services expenditures. OMB estimates annual salary savings for budget purposes, based on actual experience.

Maricopa County FY 1996-97 actual personnel savings for all funds, excluding grants, total \$44.6 million. This is \$20.7 million greater than the budgeted amount as demonstrated on the table below.

### MARICOPA COUNTY FY 1996-97 PERSONNEL SAVINGS ALL FUNDS<sup>1</sup>

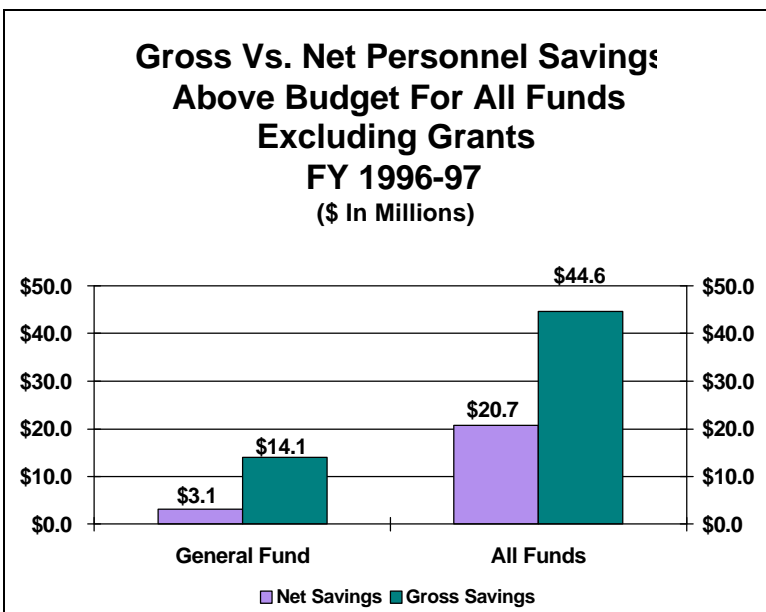
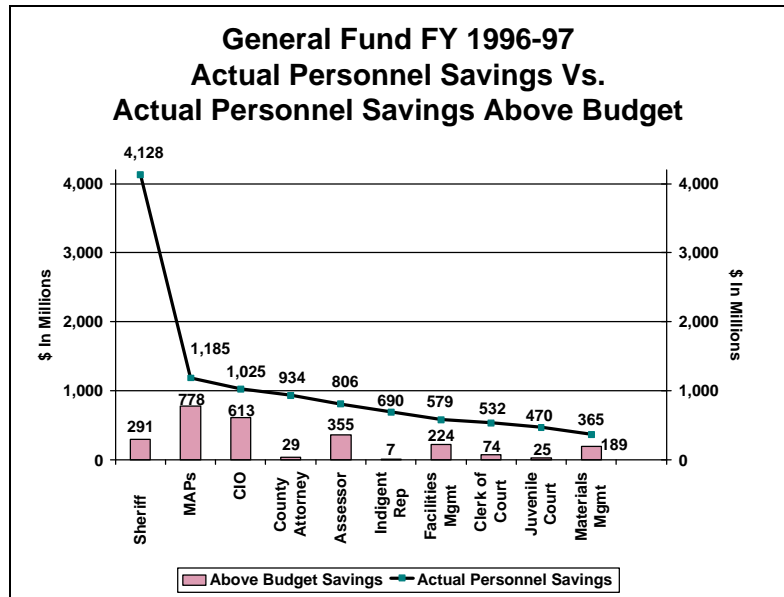
<u>Total Budget Personnel Costs</u>	<u>Actual Personnel Costs</u>	<u>Actual Personnel Savings</u>	<u>Budgeted Personnel Savings</u>	<u>Actual Personal Savings Above Budget</u>
\$447,609,289	\$403,033,668	\$44,575,621	\$23,846,221	\$20,729,400

Actual personal services costs FY 1996-97 for all funds excluding grants total \$403 million. The Maricopa Health System and Sheriff's Office combined comprise 41.9% of these expenses. As shown on the right, \$18.1 million or 40.4% of the gross personnel savings were generated by the MHS and \$7.0 million or 1.6% generated by the Sheriff's Office.



<sup>1</sup> All funds excluding grants.

The MHS personnel savings were the direct result of their reorganization. The gross personnel savings within the Sheriff's Office are primarily non-General Fund dollars. This variance between net personnel savings and budgeted expenditures is less than one-quarter of one percent. This is demonstrated on the chart to the right which compares General Fund departments with major actual personnel savings to their actual personnel savings above budget.



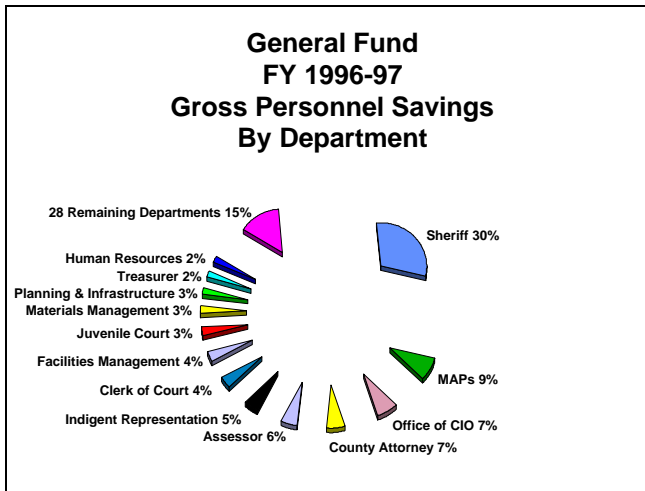
A comparison of net savings vs. gross savings for all funds, excluding grants, and the General Fund is provided to the left. The net savings for all funds represents 5.1% of actual personnel costs vs. .8% General Fund.

General Fund FY 1996-97 personnel savings total \$14.1 million or \$3.1 million greater than the budgeted amount.

#### GENERAL FUND FY 1996-97 PERSONNEL SAVINGS

Total Budget Personnel Costs	Actual Personnel Costs	Actual Personnel Savings	Budgeted Personnel Savings	Actual Personal Savings Above Budget
\$258,968,594	\$244,902,205	\$14,066,389	\$10,973,646	\$3,092,743





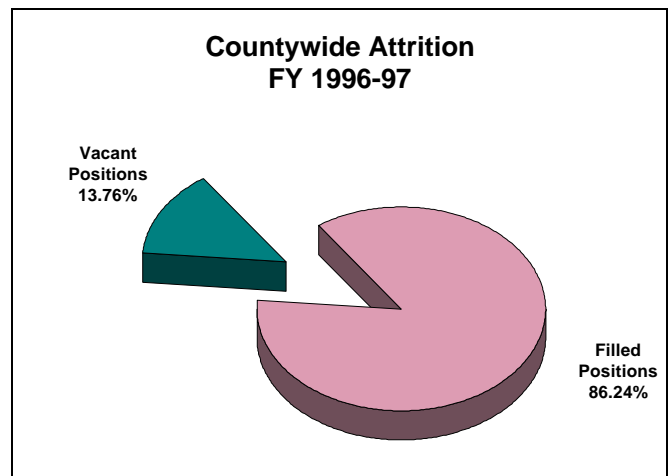
**General Fund actual personnel savings are 22% higher than budgeted savings. Departments with the highest percent of gross personnel savings are reflected in the chart to the left.**



## ATTRITION

**Organization-wide turnover rate, or attrition, for FY 1996-97 was 14.25%. The rate of attrition is based upon the number of regular positions that are vacant. Of those vacant positions, 46.73% were being actively recruited.**

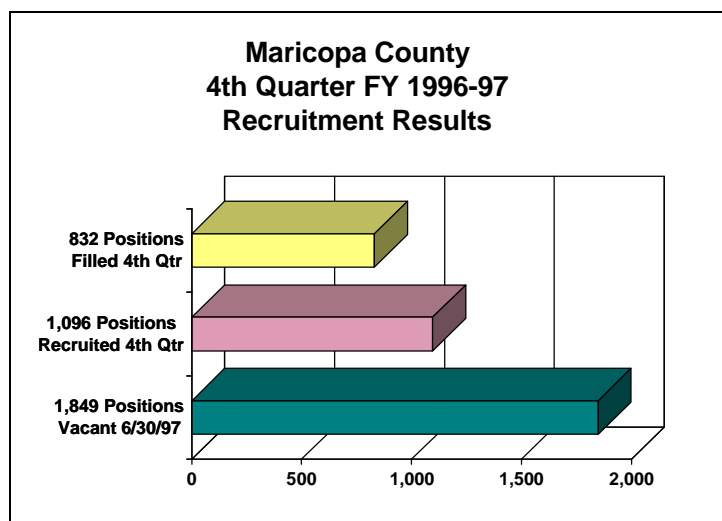
A comparison of FY 1995-96 to FY 1996-97 shows a 4.71% increase in attrition, or total number of employees leaving the County. The current fiscal year attrition is demonstrated graphically to the right.



The departments with the largest number of positions vacant are included in the following chart. There is a significant increase in the number of recruited positions for the Maricopa Health System as compared to previous quarters due to the Maricopa Integrated Health System reorganization and the lifting of the 3rd quarter hiring freeze.

### MAJOR DEPARTMENT VACANCIES BY NUMBER 4th QUARTER FY 1996-97

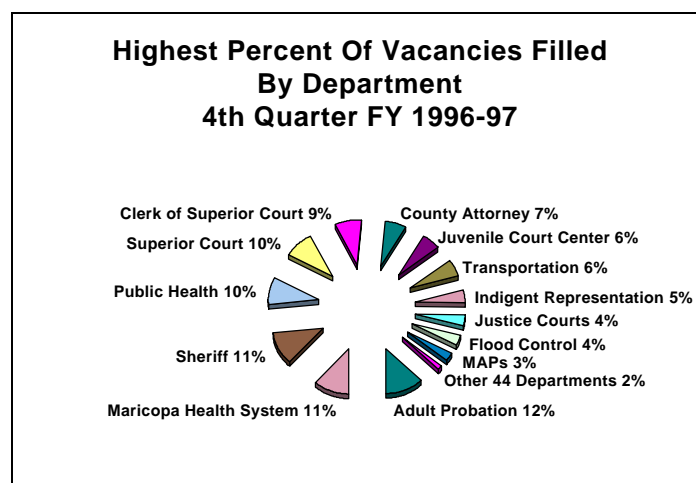
<u>Department</u>	<u>Number Vacant</u>	<u>Number Filled</u>	<u>Total Positions</u>	<u>Number Recruited</u>	<u>% Vacant Recruited</u>
Maricopa Health System	605	1,851	2,456	178	2.94%
Public Health	163	492	655	79	48.47%
Sheriff's Office	94	2,042	2,136	53	56.38%
Clerk of Superior Court	89	547	636	52	58.43%
County Attorney	80	679	759	27	33.75%
ALTCS	78	252	330	28	35.90%
Human Services	73	210	283	6	8.22%



Departments with the largest percent of vacancies as of June 30, 1997, are shown on the table below<sup>2</sup>.

#### MAJOR DEPARTMENT VACANCIES BY PERCENT

<u>Department</u>	<u>% Vacant</u>	<u>Total Positions</u>	<u>Number Vacant</u>	<u>Number Recruited</u>	<u>% Vacant Recruited</u>
<b>Maricopa Health Plan</b>	<b>38.46%</b>	<b>26</b>	<b>10</b>	<b>7</b>	<b>70.00%</b>
<b>Materials Management Recorder</b>	<b>33.33%</b>	<b>54</b>	<b>18</b>	<b>3</b>	<b>16.67%</b>
<b>Human Services</b>	<b>30.77%</b>	<b>65</b>	<b>20</b>	<b>14</b>	<b>70.00%</b>
<b>Public Health</b>	<b>28.80%</b>	<b>283</b>	<b>73</b>	<b>54</b>	<b>73.97%</b>
<b>Maricopa Health System</b>	<b>24.89%</b>	<b>655</b>	<b>163</b>	<b>79</b>	<b>48.47%</b>
<b>Library District</b>	<b>24.63%</b>	<b>2,456</b>	<b>605</b>	<b>178</b>	<b>29.42%</b>
<b>Housing</b>	<b>23.53%</b>	<b>153</b>	<b>36</b>	<b>31</b>	<b>86.11%</b>
	<b>24.24%</b>	<b>66</b>	<b>16</b>	<b>3</b>	<b>18.75%</b>



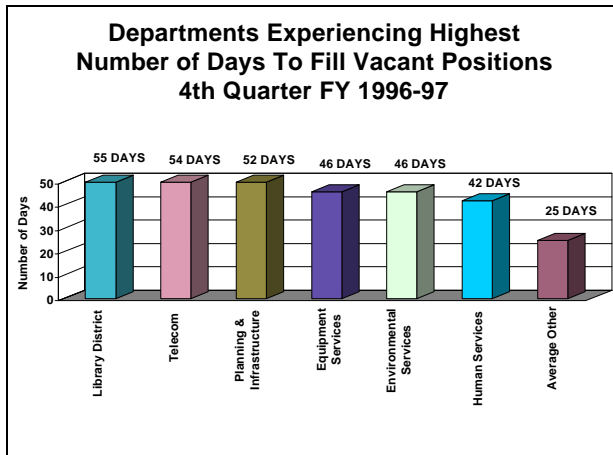
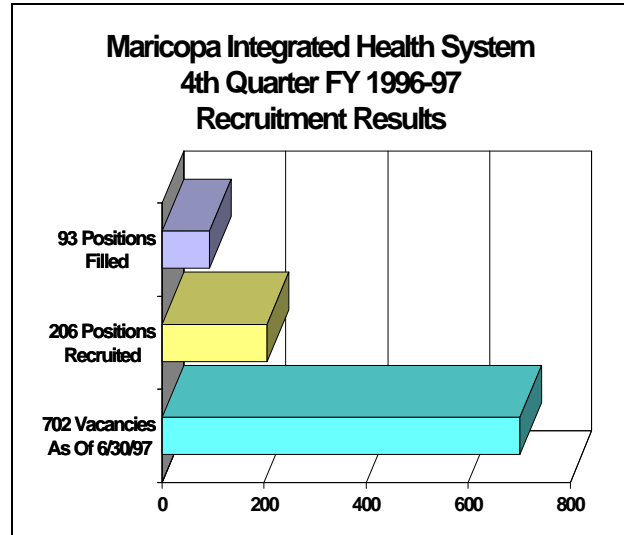
<sup>2</sup> Departments with less than 25 employees are not listed due to skewing of percentages, as described in the introduction.

**COUNTYWIDE ATTRITION**

<u>Total Funded Positions</u>	<u>No. Vacant</u>	<u>Turnover</u>	<u>Recruited</u>	<u>% Vacant Recruited</u>
<b>13,439</b>	<b>1,849</b>	<b>13.76%</b>	<b>1,096</b>	<b>59.28%</b>

The Maricopa Health System and Public Health departments continue to have the highest number of vacant positions. The departments with the highest vacancy rates are the Maricopa Health Plan and Materials Management. Materials Management's high vacancy rate is due to their holding positions open in anticipation of the Health Services transition and autonomy.

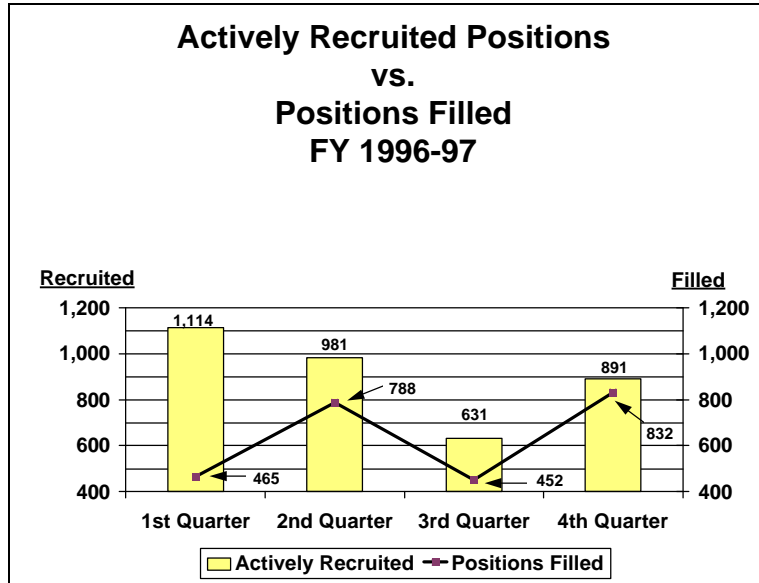
The Maricopa Integrated Health System is in the midst of a reorganization which may account for the continued high vacancies as shown on the chart to the right. High vacancies experienced in the Maricopa Health System and Public Health may indicate a shortage of skilled workers. Compensation issues in the health industry affect our recruitment efforts. Several classifications are difficult to fill because there are so few in the professions, i.e., Cytotechnologists; rates are below market, i.e., Dental Assistants; specific licensing is required or specific experience, i.e., Respiratory Therapists with experience working in an Intensive Care environment; and the inability to hire more than 10% above base without appropriate approvals. These issues are being addressed through the new Broadbanding Compensation Plan.



The chart to the left shows the departments which are experiencing the highest average number of days it takes to fill their vacant positions. The year-to-date Countywide average is 44 days. This is a 25% increase in the number of days to fill vacant positions from last quarter.

The generation of certification lists may affect the turnaround time for filling vacant positions. Certification lists provide managers with the top qualified applicants for positions recruited. The calculation of time to receipt of certification lists begins upon receipt of the personnel requisition. This process may involve advertisement of the vacant position, either internally or externally, which adds an undetermined number of days to the process. Applicant response time is another factor in this process.

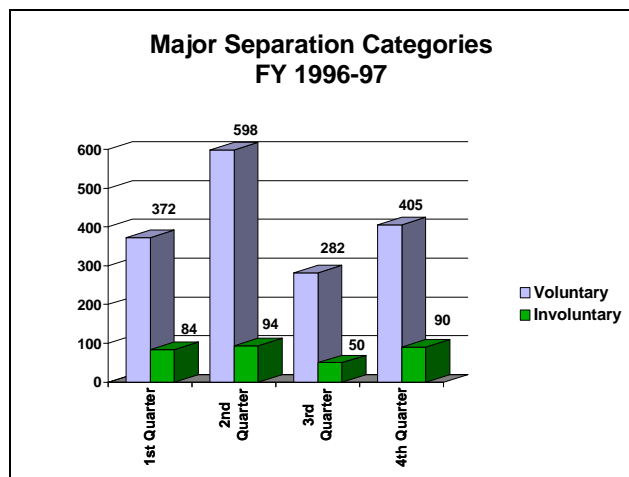
A snapshot of Maricopa County's average recruitment results for FY 1996-97 is provided below. This recruitment information first became available during this fiscal year. Continued tracking of this information may prove useful in analyzing future recruitment trends and reducing the number of days required to fill vacant positions.



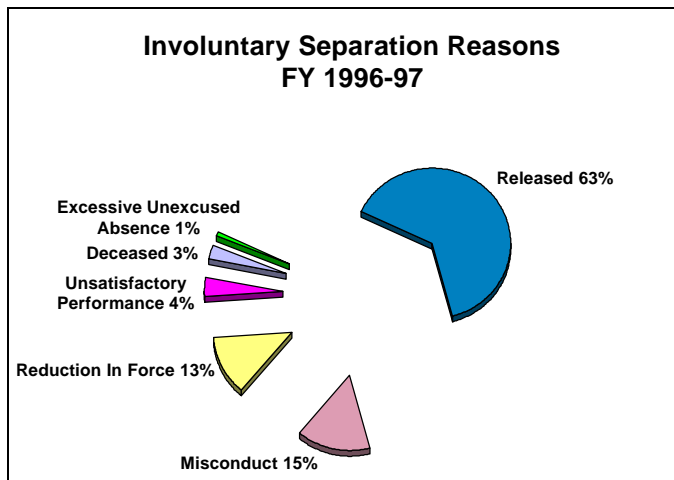


## SEPARATIONS

Separations are a prime indicator of employee satisfaction. The current fiscal year is the County's first endeavor to track and analyze separation information. Outprocessing and exit interviews are components of a new strategy for employee separation information collection and analysis. The County's objectives reflect the Board of Supervisor's goal of resolving staffing issues such as employee retention. There are two separation categories, voluntary and involuntary. The current fiscal year ended with 16% of all separations being involuntary versus 84% voluntary.



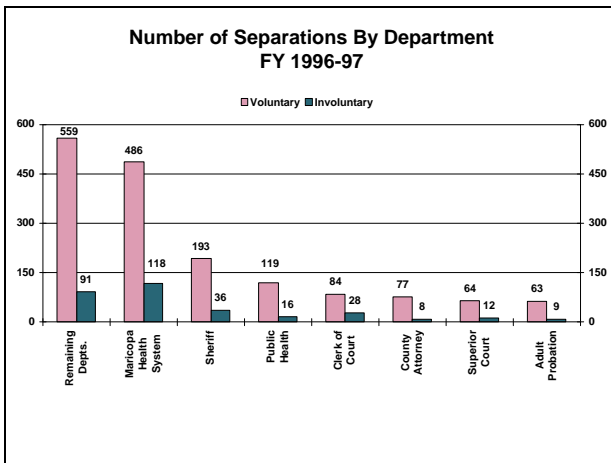
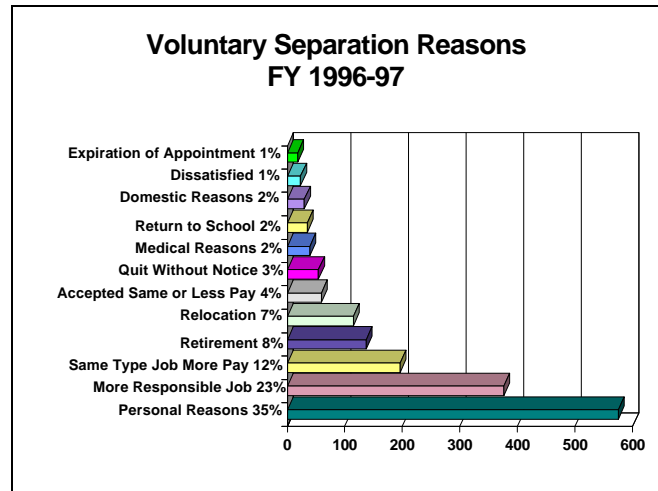
The higher the voluntary separation rate, the higher the financial and operational impact to County departments. Customer service is likely to diminish during training of new personnel. Voluntary employee separation reasons continue to exceed involuntary reasons due to the organizations "catch-all" category, personal reasons.



63% of all involuntary separations are the result of employees being released. Released is defined as involuntary leave while on initial probation or involuntary leave from Unclassified status. Examples of released separations include changes in administration, poor job match, disciplinary reasons, etc.

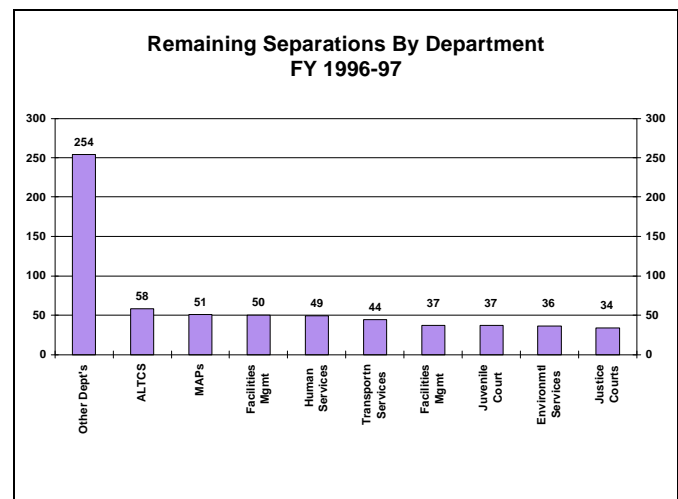
Of the 201 employees released during FY 1996-97, 110 were released from the Health System. The Maricopa Health System leads in employee separations for reason of misconduct or violation of rules and reduction in force. 33% of all misconduct separations and 59% of all reductions in force were from the Health System.

Personal reasons remains the only group of unidentified voluntary separation reasons. Employee separation reasons are obtained from Personnel Action Forms. Through the new employee separation program, broad separation categories can be narrowed and successfully tracked. Managers will have the tools to better understand and resolve separation issues.

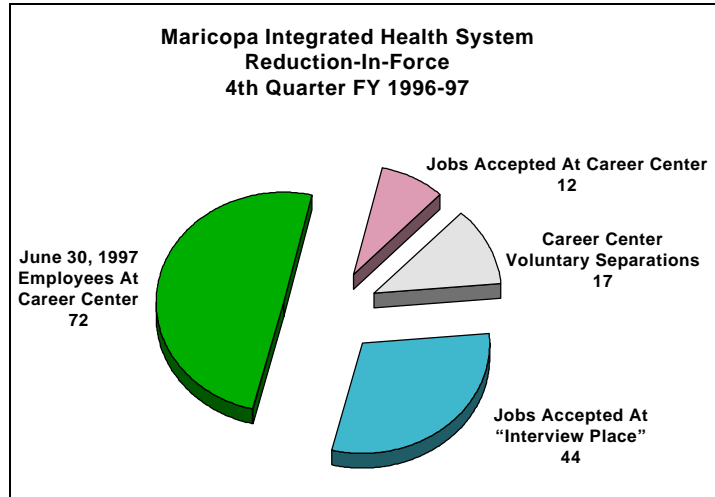


The Maricopa Health System, Sheriff's Office, and Public Health continue to lead in total number of separations this year. The departments showing the largest number of voluntary and involuntary separations during the fiscal year are shown graphically in the chart to the left.

The largest number of remaining separations are also listed by department for the current fiscal year. The 254 remaining separations are split between 40 departments under "Other Depts".



The 4th quarter reduction-in-force at the Maricopa Integrated Health System had a direct impact on their fiscal year separation statistics. The Human Resources department established a one-time process for placement of MIHS employees within the Health System whose positions were to be eliminated. This process was referred to as the "Interview Place". A total of 145 employees were interviewed and 44 positions were filled within the Health System. The remaining 101 employees were sent to the Career Center as part of the RIF process. Prior to June 30, 1997, 12 of the employees in the Career Center requested and received job placement within the County. 17 employees in the Career Center opted to leave the employment of the County. The remaining 72 employees at the Career Center did not request job placement within Maricopa County, and remained within the RIF process as of June 30, 1997.



New programs, such as employee outprocessing, provide the tools necessary for managers to better understand and resolve separation issues. As Maricopa County continues to improve its Performance Management Program, and introduce a Countywide Ethics Policy and institute the Broadbanding Compensation Plan, a positive improvement should result through the retention of high performers. Separations remain a key indicator of employee satisfaction. The County continues to develop and improve programs in order to resolve staffing issues and retain quality staff.

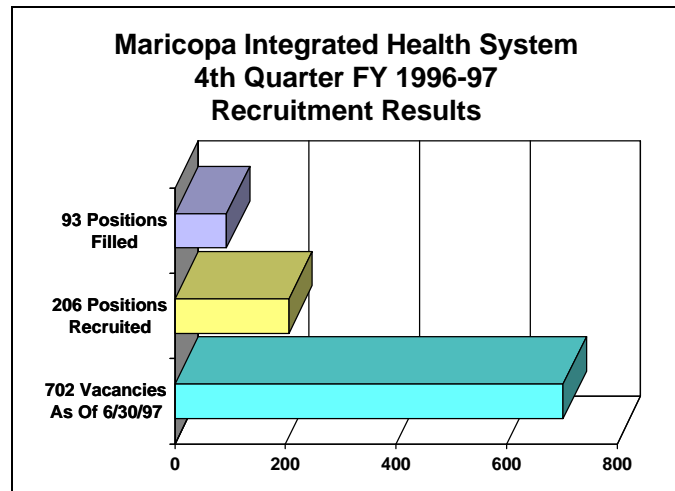




## INNOVATIONS

**Maricopa County's adoption of the Broadbanding Compensation Plan is the most significant personnel resources innovation to occur in recent years. This program is expected to impact the County's ability to compete in the local marketplace and improve the rate of retention of quality staff.**

**The Maricopa Health System (MHS) is expected to reap substantial benefits from Broadbanding. MHS has experienced considerable difficulty filling positions due to a lack of competitive salary ranges. Broadbanding will remove those rate barriers.**



**The updated Performance Management Program is another diversity for the County. It's purpose is to encourage department directors and managers to meet and exceed predetermined business goals. This program is redefined and improved annually.**

**The Funded Position Policy is a consolidation of the unfunded, underfunded, and new position creation policies. This new policy provides management with the tools necessary for effective position control. All positions within Maricopa County are tracked and full funding is ensured. The policy conforms to the County's compensation plan and lump sum budgeting program.**

**The Employee Separation Program assists in defining underlying employee issues. Utilizing these new strategies, employee retention and other personnel resources operations may be examined and improved.**

**FY 1997-98 innovations include the development of an Employee Leave Plan and modifications to the Merit System Rules.**